



## DROPSUITE LIMITED

(ASX: DSE)

### ASX and Media Release

17 July 2019

#### LTIP PERFORMANCE RIGHTS

Dropsuite Ltd (ASX: DSE) ('Dropsuite' or the 'Company') provides this Appendix 3B (attached) pertaining to the issue of Performance Rights (Long Term Incentives "LTIs") to employees.

The Board of Directors have resolved to issue a total of 12.08M Performance Rights to the Company's employees under the terms of Dropsuite 2019 - 2021 Performance Rights Plan. No Performance Rights were issued to the Board members including the CEO (and also the Chief Operations Officer and Chief Technology Officer). Please refer to the table below.

The Performance Rights have been primarily issued to employees who joined the Company after it went public in December 2016 and who have not been awarded any LTIs previously. The goal is to further improve team performance and commitment by providing meaningful long-term rewards that lead to real ownership in the Company.

The Company's Board of Directors have structured the long-term incentives to be aligned with Dropsuite's shareholders value/interests by linking them to timeframes as well as share price performance.

**Table 1**

Class	Unlisted Performance Rights
Number of Performance Rights to Board including the CEO (and the COO and CTO)	0
Number of Performance Rights to Company's employees	12,080,000
Principal Terms	Dropsuite 2019 - 2021 Performance Rights Plan (Refer to Annexure A)
Issue Price	Nil

The Performance Rights will not vest, and the underlying ordinary shares, will not be granted unless the performance conditions set by Dropsuite's Board of Directors have been satisfied. Please refer to [Annexure A](#) for the details of the proposed vesting and granting conditions.

## ANNEXURE A – PERFORMANCE RIGHTS PROPOSED VESTING CONDITIONS

The Performance Rights shown above will not vest (and the underlying shares will not be issued) unless the performance conditions set by the Board (as outlined below) have been satisfied.

For the proposed 2019 – 2021 Long Term Incentive Plan (LTIP) grant, a maximum of 12,080,000 fully paid ordinary shares may be issued provided that all the employee performance and share price hurdles are achieved over the next four years.

The following table outlines key business objectives and the weightings of the performance condition:

Tranche Vested	Performance Condition	Expiry Date
3,020,000 (25% of total Performance Rights Granted)	<div><div><div>1. To be employed for a period of 12 months (until 1 July 2020) from the date of grant (<b>Hurdle 1a</b>).</div><div>2. <b>IF Hurdle 1a is met THEN</b></div><div>3. Share price to achieve a volume weighted average price of at least AUD\$0.08 for a minimum of a thirty (30) day period (<b>Hurdle 1b</b>), provided that Hurdle 1a has been achieved.</div></div><div><u>Allocation Date</u>: no later than 45 days after Hurdle <b>1a and 1b</b> are achieved.</div></div>	1 July 2023, with a further 12 months grace period at the discretion of the Board.
4,228,000 (35% of total Performance Rights Granted)	<div><div><div>1. To be employed for a period of 24 months (until 1 July 2021) from date of grant (<b>Hurdle 2a</b>).</div><div>2. <b>IF Hurdle 2a is met THEN</b></div><div>3. Share price to achieve a volume weighted average price of at least AUD\$0.14 for a minimum of a thirty (30) day period (<b>Hurdle 2b</b>), provided that Hurdle 2a has been achieved.</div></div><div><u>Allocation Date</u>: no later than 45 days after Hurdle 2a and 2b Hurdles are achieved.</div></div>	1 July 2023, with a further plus 12 months grace period at the discretion of the Board.
4,832,000 (40% of total Performance Rights Granted)	<div><div><div>1. To be employed for a period of 36 months (until 1 July 2022) from date of grant (<b>Hurdle 3a</b>).</div><div>2. <b>IF Hurdle 3a is met THEN</b></div><div>3. Share price to achieve a volume weighted average price of at least AUD\$0.18 for a minimum of a thirty (30) day period (<b>Hurdle 3b</b>).</div></div><div><u>Allocation Date</u>: no later than 45 days after Hurdle 3a and Hurdle 3b are achieved.</div></div>	1 July 2023, with a further 12 months grace period at the discretion of the Board.
12,080,000 Total	Other key terms of 2019 – 2021 LTIP Rules	
<u>Limitations</u> - Performance Rights are personal and non-transferrable. Holder have no legal or equitable interest in a Share by virtue of acquiring a Performance Right Performance. Rights are unquoted. Holders of Performance Rights are not entitled to vote or receive any dividends paid by the Company.		
<u>Ceasing to be an eligible person</u> : If employment ceases before a Performance Condition has been satisfied, the Performance Rights subject to that Performance Condition lapse.		
<u>Conversion ratio</u> : When vested, each granted Performance right would be converted in one (1) fully paid ordinary share. The Company will apply for quotation for all converted shares.		

<p><u>Vested / Lapse / Communication</u>: The Board determines if the Performance Condition is satisfied prior to the relevant Expiry Date and if, shall notify the Holder in writing that the Performance Rights have vested (<b>Vested Performance Rights</b>).</p> <p>If the Performance Condition is not satisfied by the Expiry Date, then the Board shall notify the Holder that Performance Rights have lapsed.</p>
<p><u>Takeover / major corporate transaction</u>: In the event of a takeover (or other major corporate transaction) the Board have the discretion whether to convert Performance Rights into Shares.</p>
<p><u>Equity reconstruction</u>: In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company the number of Performance Rights shall be reconstructed (as appropriate) in accordance with the Listing Rules of the ASX (applying at that time) and in a manner which will not result in any additional benefits being conferred on a holder of a Performance Right which is not conferred on holders of Shares, but in all other respects the terms of conversion will remain unchanged.</p>
<p><u>Purpose</u>: to incentivise staff by aligning their benefit with successful performance for shareholders. This supports loyalty while providing a cost-effective remuneration structure.</p>
<p><u>Equity</u>: Converted Performance Rights issued under LR 7.1.</p>
<p><u>Class Order 14/1000</u>: The Company relies on ASIC order for relief to allow a public company to issue shares without a prospectus, under certain circumstances, including compliant employee equity plans. Equity being issued under this plan must remain below 5% in five (5) years.</p>

**For further information, please contact:**

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**About Dropsuite**

Dropsuite is a global cloud software platform enabling SMBs in over 100 countries to easily backup, recover and protect their important business information. Dropsuite's network of preferred reseller partners has a combined customer reach of millions of small and medium-sized businesses worldwide. Dropsuite partners with some of the biggest global names in the hosting and IT service provider market, including GoDaddy, the world's largest domain name registrar, and Ingram Micro, the world's largest distributor of computer and technology products. For more information please visit: [www.dropsuite.com](http://www.dropsuite.com)

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Dropsuite Ltd

ABN

91 008 021 118

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |                    |
|---|---|--------------------|
| 1 | +Class of +securities issued or to be issued  | Performance Rights |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 12,080,000         |

+ See chapter 19 for defined terms.

## Appendix 3B

### New issue announcement

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| <p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p> | <ol style="list-style-type: none"><li>1. Performance Rights issued to employees under 2019-2021 LTIP Plan;</li><li>2. Subject to vesting conditions:<ul style="list-style-type: none"><li>○ Term – rights expire on 1 July 2022</li><li>○ Share price hurdles, three (3) tranches across three years (\$0.08 @ 25% \$0.14 @35%, \$0.18 @ 40%)</li><li>○ Continued employment.</li></ul></li><li>3. Upon vesting and meeting performance hurdles being met, Performance Rights to be converted to fully paid ordinary shares.</li></ol> |
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+ See chapter 19 for defined terms.

4	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No, however the fully paid ordinary shares received on vesting will rank equally with the fully paid ordinary shares on issue.</p>
5	Issue price or consideration	Nil consideration.
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issues and grants of performance share rights are pursuant to an employee incentive grant, and 2019-2021 LTIP.
6a	<p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	No.
6b	The date the security holder resolution under rule 7.1A was passed	Not applicable
6c	Number of +securities issued without security holder approval under rule 7.1	12,080,000 - Performance Rights
6d	Number of +securities issued with security holder approval under rule 7.1A	Not applicable

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Not applicable	
6f	Number of +securities issued under an exception in rule 7.2	Not applicable	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Not applicable	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not applicable	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	LR 7.1 - 60,472,080	
7	+Issue dates  Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.  Cross reference: item 33 of Appendix 3B.	17 July 2019	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		493,680,533	Fully paid ordinary shares

+ See chapter 19 for defined terms.

9	Number and <sup>+</sup> class of all <sup>+</sup> securities not quoted on ASX (including the <sup>+</sup> securities in section 2 if applicable)	Number	<sup>+</sup> Class
		1,500,000	Performance Class A Shares
		1,500,000	Performance Class B Shares
		1,500,000	Performance Class C Shares
		13,433,333	Performance Class F Shares
		1,500,000	Performance Rights
		12,080,000	Performance Rights - LTIP
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company has no dividend policy at this time.	

## Part 2 - Pro rata issue

11	Is security holder approval required?	Not applicable
12	Is the issue renounceable or non-renounceable?	Not applicable
13	Ratio in which the <sup>+</sup> securities will be offered	Not applicable
14	<sup>+</sup> Class of <sup>+</sup> securities to which the offer relates	Not applicable
15	<sup>+</sup> Record date to determine entitlements	Not applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not applicable

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<sup>+</sup> See chapter 19 for defined terms.



17	Policy for deciding entitlements in relation to fractions	Not applicable
18	Names of countries in which the entity has security holders who will not be sent new offer documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	Not applicable
19	Closing date for receipt of acceptances or renunciations	Not applicable

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+ See chapter 19 for defined terms.

20	Names of any underwriters	Not applicable
21	Amount of any underwriting fee or commission	Not applicable
22	Names of any brokers to the issue	Not applicable
23	Fee or commission payable to the broker to the issue	Not applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	Not applicable
25	If the issue is contingent on security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable

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+ See chapter 19 for defined terms.

- 32 How do security holders dispose of their entitlements (except by sale through a broker)? Not applicable
- 33 <sup>+</sup>Issue date Not applicable

## Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(tick one)

(a) ☐ <sup>+</sup>Securities described in Part 1 (Fully paid ordinary shares only)

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories
- 1 - 1,000
  - 1,001 - 5,000
  - 5,001 - 10,000
  - 10,001 - 100,000
  - 100,001 and over
- 37 ☐ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

## Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>the date from which they do</li> <li>the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

## Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

.....  
(Company secretary)

Date: 17 July 2019

Print name: Julian Rockett

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	480,247,200
<b>Add</b> the following: <ul style="list-style-type: none"> <li>Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li> <li>Number of partly paid +ordinary securities that became fully paid in that 12 month period</li> </ul> <b>Note:</b> <ul style="list-style-type: none"> <li>Include only ordinary securities here – other classes of equity securities cannot be added</li> <li>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	13,433,333 – Exception 4, LR 7.2.
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	
<b>“A”</b>	493,680,533

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of “A”</b>	
<b>“B”</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply “A” by 0.15</b>	74,052,080
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	<p>1,500,000 – 30 January 2019</p> <p>12,080,000 - per this Appendix 3B</p>
<b>“C”</b>	13,580,000
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
<p><b>“A” x 0.15</b></p> <p><i>Note: number must be same as shown in Step 2</i></p>	74,052,080
<p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	13,580,000
<b>Total [“A” x 0.15] – “C”</b>	<p>60,472,080</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>“E”</b>	

+ See chapter 19 for defined terms.



<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b>  <i>Note: number must be same as shown in Step 2</i>	
<b>Subtract “E”</b>  <i>Note: number must be same as shown in Step 3</i>	
<b>Total</b> [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

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+ See chapter 19 for defined terms.